EUROPEAN
COURT
OF AUDITORS

EN

Press Release

Luxembourg, 11 June 2020

EU action against money laundering in the banking sector to go under auditor scrutiny

Money laundering is the practice of disguising the illegal origin of criminal proceeds. Suspicious transactions linked to money laundering amount to hundreds of billions per year within the EU. The European Court of Auditors (ECA) has started an audit to examine the Union's efforts to tackle the laundering of dirty money, focusing specifically on the banking sector.

The EU's anti-money laundering (AML) directive has been in place since 1991, and has been updated on four occasions – most recently in 2018. The Commission, the key player at EU level, has the role of developing and enforcing AML rules in close cooperation with the Member States. This year the European Banking Authority (EBA) took on the tasks of leading, coordinating and monitoring the EU financial sector's fight against money laundering. It is the responsibility of the Member States to apply and enforce the EU's AML rules through national legislation, and to prosecute money laundering offences. Within Europe, Europol estimates the value of suspicious transactions at around 1.3 % of EU GDP.

"Money laundering is increasingly a serious global threat, with criminals often seeking to launder money where controls are weakest, often far from the source of the funds", says Mihails Kozlovs, the member of the European Court of Auditors responsible for the audit. *"Given the enormous scale of this criminal practice, including in the EU, and a number of recent high-profile scandals involving banks, we have decided to audit the effectiveness of the EU's action in the fight against money laundering in the banking sector".*

Despite extensive international cooperation and increasingly sophisticated EU legislation, money laundering remains a huge policy challenge. The auditors will focus on the transfer of EU legislation into Member State law, how risks to the internal market are managed, co-ordination between national supervisors and EU bodies, and the EU's action to remedy breaches of its AML law at national level. The fieldwork for this audit will address the European Commission's Directorate-General for Financial Stability, Financial Services and Capital Markets Union, the EBA and the European Central Bank.

The purpose of this press release is to convey the main messages of the European Court of Auditors' audit preview. The full preview is on eca.europa.eu.

ECA Press

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Notes to editors

The EU adopted the first AML Directive in 1991. The current version is Directive (EU) 2015/849, which was amended by Directive (EU) 2018/843 (known as 5AMLD). Member States were required to enact it in national law and implement its provisions no later than 10 January 2020. Over the years, the AMLD has become steadily wider in scope.

The new Commission has declared AML a priority, publishing a recent communication entitled "Action Plan for a comprehensive Union policy on preventing money laundering and terrorist financing".

The audit preview published today provides information on this ongoing audit task, which will be concluded in the first half of 2021. Audit previews are based on preparatory work undertaken before the start of an audit and should not be regarded as audit observations, conclusions or recommendations. The full audit preview is available in English on *eca.europa.eu*.

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ECA measures taken in response to the Covid-19 pandemic

The European Court of Auditors (ECA) has taken the necessary steps to be able to continue providing an effective public audit service in the EU, and to deliver timely audit reports, opinions and reviews during the Covid-19 pandemic, as far as this is possible in these challenging times. At the same time, we express our gratitude to all those who are working to save lives and fight the pandemic, in Luxembourg, in the EU and around the world. We also remain committed to supporting the Luxembourg government's policy on safeguarding public health. We are mitigating the effects of the ongoing health crisis on our staff and have taken precautions to minimise the risk to them and their families.